

COMMISSIONER OLSON PROPOSED AMENDMENT NO. 1

DATE PREPARED: April 29, 2021

COMPANY: Energy Rules

DOCKET NO.: RU-00000A-18-0284

AGENDA ITEM NO. 23

OPEN MEETING DATE: May 4, 2021

Purpose: To prohibit these measures from increasing costs for ratepayers.

In its 2020 Integrated Resource Plan, APS estimated the revenue requirements associated with four different portfolio alternatives.¹ The difference between these four revenue requirements demonstrates the anticipated ratepayer costs that will result from the Commission enacting these mandates without this amendment.

Under the "Technology Agnostic Portfolio," (which still includes the retirement of coal by 2031), the estimated annual revenue requirement by 2035 will be approximately \$500 million lower than the costs associated with the lowest cost portfolio that complies with these rules. This means that by 2035, ratepayers will be required to pay at least a half of a billion dollars more annually because of these rules unless this amendment is adopted.

After 2035, the ratepayer costs associated with complying with these rules will likely increase to much more than the \$500 million annual amount as these rules require the complete ban on carbon emissions be reached by 2050.

This amendment will protect the ratepayers from this rate increase.

Changes are to Exhibit A in the Recommended Opinion and Order docketed April 19, 2021

At Page 3216

INSERT new #64

"Ratepayer Impact Measure Test" means a test that measures the change in customer bills or rates due to changes in utility revenues and operating costs caused by an Energy Efficiency Program or Demand Response Program."

¹ APS, 2020 Integrated Resource Plan, June 2020, pages 139-141.
<https://docket.images.azcc.gov/E000007312.pdf?i=1611861582485>

**** Make all conforming changes**

THIS AMENDMENT:		
_____ Passed _____	Passed as amended by _____	
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____

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At Page 3217, R14-2-2704(B)

INSERT after “shall achieve the following”

“, provided the actions taken to meet the requirements will be the lowest lifetime cost method of meeting customers’ energy needs and, as such, will not create any added cost to customers beyond the cost customers would pay for energy if the requirements did not apply”

At Page 3220, R14-2-2708(B)(2)

INSERT after “and at least two alternative Resource Portfolios,”

“one of which represents the lowest lifetime cost method of meeting customers’ energy needs without regard to the Carbon Emissions standards in R14-2-2704,”

At Page 3223, R14-2-2711(F)

INSERT after “F. An Electric Utility shall monitor and evaluate each Demand-Side Resource to determine whether it is Cost-Effective and otherwise meets expectations and shall report any unintended consequences to the Commission in its Energy Efficiency Report.”

“An Electric Utility must also report the results of a Ratepayer Impact Measure Test for each Demand-Side Resource.”

At Page 3224, R14-2-2712(G)

INSERT after “G. A Gas Utility shall monitor and evaluate each Demand-Side Resource to determine whether it is Cost-Effective and otherwise meets expectations and report any unintended consequences to the Commission in its Energy Efficiency Report.”

“A Gas Utility must also report the results of a Ratepayer Impact Measure Test for each Demand-Side Resource.”

**** Make all conforming changes**

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At Page 3225, R14-2-2718

INSERT

“D. Notwithstanding any provision of this Article, a Utility may not recover costs of complying with subsection R14-2-2704(B) beyond the costs it would incur with the lowest lifetime cost method of meeting customers’ energy needs.”

**** Make all conforming changes**

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